

**R & A ENTERPRISES
D/B/A FOUNTAIN INN CONVALESCENT HOME**

FOUNTAIN INN, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING OCTOBER 1, 1997
AC# 3-FTN-J6**

**REPORT ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 21, 1999

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with R & A Enterprises d/b/a Fountain Inn Convalescent Home, for the contract periods beginning October 1, 1997 and for the twelve month cost report period ended September 30, 1996, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by R & A Enterprises d/b/a Fountain Inn Convalescent Home, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report and Summary of Costs and Total Patient Days sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and R & A Enterprises d/b/a Fountain Inn Convalescent Home dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
June 21, 1999

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

FOUNTAIN INN CONVALESCENT HOME

Computation of Rate Change
For the Contract Periods
Beginning October 1, 1997
AC# 3-FTN-J6

	10/01/97- <u>09/30/98</u>
Interim reimbursement rate (1)	\$96.76
Adjusted reimbursement rate	<u>95.48</u>
Decrease in reimbursement rate	\$ <u><u>1.28</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 8, 1998

FOUNTAIN INN CONVALESCENT HOME
Computation of Adjusted Reimbursement Rate
For the Contract Periods October 1, 1997 Through September 30, 1998
AC# 3-FTN-J6

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$46.41	\$47.70	
Dietary		10.99	10.55	
Laundry/Housekeeping/Maint.		<u>9.40</u>	<u>7.53</u>	
Subtotal	\$ <u>-</u>	66.80	65.78	\$65.78
Administration & Med. Rec.	\$ <u>-</u>	<u>9.49</u>	<u>9.06</u>	<u>9.06</u>
Subtotal		76.29	<u>\$74.84</u>	74.84
<u>Costs Not Subject to Standards:</u>				
Utilities		2.17		2.17
Special Services		.73		.73
Medical Supplies & Oxy.		6.06		6.06
Taxes and Insurance		1.71		1.71
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$86.96</u>		85.51
Inflation Factor (4.40%)				3.76
Cost of Capital				5.71
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Minimum Wage Add On				<u>.50</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$95.48</u>

FOUNTAIN INN CONVALESCENT HOME
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1996
AC# 3-FTN-J6

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$ 749,465	\$ -	\$ 7,603(1) 573(1)	\$ 741,289
Dietary	179,381	-	869(1) 2,927(2)	175,585
Laundry	11,224	-	61(1)	11,163
Housekeeping	107,023	-	1,201(1)	105,822
Maintenance	33,160	-	47(1)	33,113
Administration & Medical Records	133,019	21,606(2)	2,832(1) 171(1)	151,622
Utilities	34,657	-	-	34,657
Special Services	11,637	-	-	11,637
Medical Supplies & Oxygen	116,814	4,228(3)	18,679(2) 5,563(4)	96,800
Taxes & Insurance	27,273	-	-	27,273
Legal Fees	-	-	-	-
Cost of Capital	<u>91,192</u>	<u>-</u>	<u>-</u>	<u>91,192</u>
Subtotal	1,494,845	25,834	40,526	1,480,153

FOUNTAIN INN CONVALESCENT HOME
Summary of Costs and Total Patient Days
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AC# 3-FTN-J6

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	22,510	-	-	22,510
Non-Allowable	76,590	13,357(1)	4,228(3)	91,282
	<u> </u>	<u>5,563(4)</u>	<u> </u>	<u> </u>
 Total Operating Expenses	 \$ <u>1,593,945</u>	 \$ <u>44,754</u>	 \$ <u>44,754</u>	 \$ <u>1,593,945</u>
 Total Patient Days	 <u>15,974</u>	 <u>-</u>	 <u>-</u>	 <u>15,974</u>
 TOTAL BEDS <u>44</u>				

FOUNTAIN INN CONVALESCENT HOME
Adjustment Report
Cost Report Period Ended September 30, 1996
AC# 3-FTN-J6

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable	\$13,357	
	Nursing		\$ 7,603
	Restorative		573
	Dietary		869
	Laundry		61
	Housekeeping		1,201
	Maintenance		47
	Administration		2,832
	Medical Records		171
	To adjust fringe benefits and related allocation to allowable HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Administration	21,606	
	Dietary		2,927
	Medical Supplies		18,679
	To properly offset income against related expense State Plan, Attachment 4.19D		
3	Medical Supplies	4,228	
	Nonallowable		4,228
	The adjust special (ancillary) services expense to allowable State Plan, Attachment 4.19D		

FOUNTAIN INN CONVALESCENT HOME
Adjustment Report
Cost Report Period Ended September 30, 1996
AC# 3-FTN-J6

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Nonallowable Medical Supplies	5,563	5,563
	To remove specialty bed expense reimbursed by Medicare State Plan, Attachment 4.19D		
		_____	_____
	TOTAL ADJUSTMENTS	\$ <u>44,754</u>	\$ <u>44,754</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.